(b) if so, the extent of decrease in the prices of iron-ore and coking coal in June and July, 2005; and

(c) the evaluation regarding effect on the cost of steel production in the country due to this decrease?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) to (c) Steel prices are governed by the interplay of market forces of demand and supply. In general, prices of steel in the domestic market move in tandem with international prices. Prices of iron ore and coking coal only partly determine the final prices of steel. The recent drop in domestic steel prices is due to a general reduction in international prices. As per reports received, the long term prices of iron ore and coking coal in 2005-06 are in fact higher than those prevailing in 2004-05. However, spot prices of both iron ore and coking coal have come down in June and July 2005 as compared to May 2005 with price of iron ore fines reducing from approx. $ 63.0 per tonne to about $ 51.0 per tonne and price of coking coal from approx. $ 126 per tonne to about $ 115 tonne.

Guidelines on allotment of iron-ore mines

1415. DR. T. SUBBARAMI REDDY:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of STEEL be pleased to state:

(a) whether Central Government are considering to bring new guidelines on allotment of iron-ore mines to remove anomalies in current system;

(b) if so, the details of the same;

(c) whether to rectify these anomalies, Government have constituted expert group for formulating national guidelines on criteria for granting approval of mining leases relating to iron-ore, manganese-ore and chrome-ore; and

(d) if so, by what time this group is likely to submit its recommendations to Government?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) to (d) An "expert group" has been constituted by the Ministry of Steel with the following terms of reference:

"To formulate guidelines pertaining to Iron Ore, Manganese Ore and Chrome Ore regarding giving preferential mining rights to certain persons by the State Government under section 11(5) of MMDR Act, 1957."

This group is being chaired by Sh. R.K. Dang, former Secretary, Ministry of Mines. The tenure of the 'expert group' is 3 months from the date of notification of its constitution i.e. from 20.4.2005. This tenure has been further extended by 15 days w.e.f. 20.7.2005. The group is expected to submit its recommendation at the end of its extended tenure.

MOU with POSCO

1416. SHRI RAJKUMAR DHOOT: Will the Minister of STEEL be pleased to state:

(a) Whether it is a fact that the Government of Orissa and Korean steel giant POSCO have signed an MoU for setting up a 10 MT plant at Paradeep;

(b) if so, the details thereof and the inflow of FDI in this case;

(c) the share of Government of Orissa in management of the plant and in finances; and

(d) the likely date of commercial production and how the cost of production would compare with existing plants?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) A Memorandum of Understanding (MoU) has been signed between the Government of Orissa and POSCO of South Korea on 22.6.2005 for setting up of a 12 million tonnes steel plant at Paradeep with a proposed investment of around $ 12 billion.

(b) Details in this regard are given in the Statement (*See* below).

(c) The Government of Orissa has intimated that it will not have share in management of the plant and in its finances.

(d) As per the MoU the likely date for commercial production of first module of the first phase is July, 2010. Cost of production, being a commercial information, is not shared by steel companies.